

April 1, 1923.

To the Preferred Stockholders of the W. T. Grant Company:

We are submitting herewith some general information on the prosperity enjoyed by this Company during the fiscal year ending January 31, 1923.

During that period, when the business activity of the country was still suffering from the depression of 1920-21, it is most gratifying to note that the W. T. GRANT COMPANY had the best year in its history and more than justified our expectations of growth. Our sales amounted to \$15,382,631 which was 21% greater than in the previous year. Our net profits were also considerably increased, and we take pleasure in reporting to you that *the preferred dividend requirements were earned over five and a half times.*

In order that you may see at a glance the rate of growth which this Company has maintained, I append the following chart which shows the volume of sales and the profits for the period 1915-1922.

Year Ending
Jan. 31

| | | |
|------|--------------|--------------|
| 1916 | \$3,061,689 | *\$244,760 |
| 1917 | \$3,636,253 | *\$267,834 |
| 1918 | \$4,510,776 | *\$278,341 |
| 1919 | \$6,029,082 | *\$328,557 |
| 1920 | \$7,941,688 | *\$632,099 |
| 1921 | \$10,192,534 | *\$557,880 |
| 1922 | \$12,728,412 | *\$651,781 |
| 1923 | \$15,382,631 | *\$1,010,927 |

**Profits before taxes and bonuses and after inventory adjustment.*

There have been many other ways in which the business of the Company in 1922 has been particularly satisfactory to us. One of the most important of these was the rate in our turn-over of merchandise. During the 12 months our inventory of merchandise was turned over more than nine times. This is equivalent to the sale of our entire stock of goods on hand every 45 days.

On the close of our fiscal year—January 31, 1923—the assets and liabilities of the Company were as indicated in the following Balance Sheet, which has been certified to as correct by Messrs. Ernst & Ernst, Certified Public Accountants, of New York City:

| <i>Assets</i> | | | |
|---|--------------|-----------------------|------------------------------|
| Cash..... | \$373,773.70 | | |
| Accounts Receivable—Trade Creditors Debit Balances | 61,073.30 | | |
| Merchandise Inventories—Present Market Value... | 1,940,805.03 | | |
| Cash Surrender Value—Life Insurance Policies..... | 10,106.53 | <u>\$2,385,758.56</u> | |
| Employees and Sundry Accounts Receivable and Investments..... | | | 11,557.69 |
| Lands and Buildings..... | \$100,000.00 | | |
| Furniture and Fixtures..... | \$720,432.77 | | |
| LESS: Allowance for Depreciation..... | 283,667.45 | <u>436,765.32</u> | 536,765.32 |
| Sinking Fund—For Redemption of Preferred Stock..... | | | 36,961.84 |
| Alterations and Improvements of Leased Stores.... (This item is being written off over the terms of the leases.) | \$866,138.84 | | |
| Unexpired Insurance, Supplies, Prepaid Rent and Prepaid Taxes..... | 75,537.07 | | <u>941,675.91</u> |
| | | | <u><u>\$3,912,719.32</u></u> |
| <i>Liabilities</i> | | | |
| Accounts Payable..... | \$283,517.98 | | |
| Accrued Accounts..... | 190,720.34 | <u>\$474,238.32</u> | |
| Reserve for Federal Income Taxes (Estimated)..... | | | 98,500.70 |
| Real Estate Mortgage Payable—Due 1932..... | | | 75,000.00 |
| Deferred Income—Rents..... | | | 3,535.00 |
| CAPITAL STOCK: | | | |
| Preferred 7% Cumulative Issued... \$1,675,300.00 | | | |
| LESS: Treasury Stock (Sinking Fund) 19,900.00 | | <u>\$1,655,400.00</u> | |
| Common..... | | 150,000.00 | |
| | | <u>\$1,805,400.00</u> | |
| Surplus..... | 1,456,045.30 | <u>3,261,445.30</u> | |
| | | | <u><u>\$3,912,719.32</u></u> |

We have already made arrangements for the opening of new stores in 1923 in the following cities:

| | | |
|-----------------------|---------------------|-------------------------|
| BALTIMORE, MD. | TOLEDO, OHIO | MERIDEN, CONN. |
| LIMA, OHIO | WACO, TEXAS | HYDE PARK, MASS. |

Looking forward to the business of 1923, all of the information at hand indicates continued prosperity for our Company. Recent reports from our stores for the first few months of 1923 show a volume of business *25% greater for the same number of stores* than during the same period in 1922. We are hoping that a year from this time we may again have the pleasure of reporting a banner year.

Yours very truly,

W. T. Grant
President

Location of W. T. Grant Company Stores

The geographical distribution of a company's stores has much to do with the security and earning power of its capital. Attention is called to the splendid diversification of the Grant locations, both from a geographical and industrial standpoint.

| Cities | Population 1920 U. S. Census | Industries from which Purchasing Clientele Derives Income |
|--------------------------|---------------------------------|--|
| Lynn, Mass..... | 99,148..... | Boots and shoes |
| Waterbury, Conn..... | 91,715..... | Brass and bronze manufactures |
| Bridgeport, Conn..... | 143,555..... | Automobiles, iron, brass, foundries |
| Lewiston, Me..... | 31,791..... | Textiles, boots and shoes |
| New Bedford, Mass..... | 121,217..... | Cotton goods |
| Fall River, Mass..... | 120,485..... | Cotton goods, dyeing textiles |
| Newark, N. J..... | 414,524..... | Largely diversified list |
| Portland, Me..... | 69,272..... | Lumber and timber products |
| Schenectady, N. Y..... | 88,723..... | Electrical machinery |
| Holyoke, Mass..... | 60,203..... | High grade paper, textiles |
| Johnstown, Pa..... | 67,327..... | Blast furnaces, steel works |
| Syracuse, N. Y..... | 171,717..... | Automobiles, typewriters |
| Albany, N. Y..... | 113,344..... | Printing and publishing |
| Binghamton, N. Y..... | 66,794..... | Boots and shoes |
| Kalamazoo, Mich..... | 48,487..... | Paper and wood pulp, automobiles |
| Seranton, Pa..... | 137,783..... | Silk goods and coal |
| Norfolk, Va..... | 115,777..... | Lumber, timber, and shipping |
| Lancaster, Pa..... | 53,150..... | Foundry and machine shops |
| Haverhill, Mass..... | 53,884..... | Boots and shoes |
| Dayton, Ohio..... | 152,559..... | Cash registers, calculating machines |
| Eric, Pa..... | 93,372..... | Steam engines and boilers |
| Philadelphia, Pa..... | 1,823,779..... | Over 100 diversified industries |
| York, Pa..... | 47,512..... | Foundry and machine shops |
| Fort Wayne, Ind..... | 86,549..... | Foundry and machine shops |
| Pittsburgh, Pa..... | 588,343..... | Steel works and rolling mills |
| Reading, Pa..... | 107,784..... | Coal, iron, steel, and glass |
| Louisville, Ky..... | 234,891..... | Tobacco manufactures |
| Rockford, Ill..... | 65,651..... | Furniture factories |
| Richmond, Va..... | 171,667..... | Tobacco products |
| Peoria, Ill..... | 76,121..... | Malt products, meat packing |
| Evansville, Ind..... | 85,264..... | Flour and grist mills, lead and zinc |
| St. Joseph, Mo..... | 77,939..... | Meat packing, wholesale center |
| Huntington, W. Va..... | 50,177..... | Glass, furniture, railroad shops |
| Brockton, Mass..... | 66,254..... | Boot and shoe industry |
| Charleston, S. C..... | 67,957..... | Fertilizers, bakery products |
| Memphis, Tenn..... | 162,351..... | Cotton-seed oil manufactures, lumber |
| Tampa, Fla..... | 51,608..... | Cigar and cigarette factories |
| Little Rock, Ark..... | 65,142..... | Lumber and cotton-seed products |
| Pittsfield, Mass..... | 41,763..... | Electrical machinery, paper products |
| Macon, Ga..... | 52,995..... | Food products, cotton goods |
| East St. Louis, Ill..... | 66,767..... | Flour mills, grist mills, meat packing |
| Raleigh, N. C..... | 24,418..... | Agricultural products |
| Mobile, Ala..... | 60,777..... | Car and railroad shop construction |
| *Providence, R. I..... | 237,595..... | Jewelry, textiles, machinery |
| *Fort Worth, Texas..... | 106,482..... | Oil refining, meat packing, rail center |
| *Buffalo, N. Y..... | 506,775..... | Freight center, steel, flour, manufacturing |
| *Dallas, Texas..... | 158,926..... | Flour, machine shops, manufacturing |
| *San Antonio, Texas..... | 161,329..... | Cotton-seed products, railroad shops, agriculture |

*Opened in 1922